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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mid Atlantic Capital Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

336 Fourth Ave, 5th Floor

(No. and Street)

Pittsburgh

(City)

PA

(State)

15222

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Joseph. F. Banco

412-391-7077

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lally, Lally & Co, LLC

(Name - if individual, state last, first, middle name)

5700 Corporate Drive, Ste 800

(Address)

Pittsburgh

(City)

PA

(State)

15237

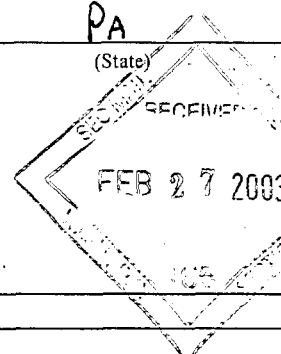
(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.



PROCESSED

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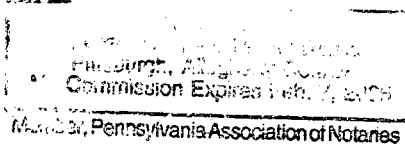
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Joseph F. Banco, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mid Atlantic Capital Corp., as of December, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE



Stacey Homan
Notary Public

Joseph F. Banco
Signature
CFO
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



Lally, Lally & Co. LLC

Certified Public Accountants & Business Advisors

5700 Corporate Drive, Suite 800
Pittsburgh, Pennsylvania 15237-5851

Telephone 412•367•8190

Facsimile 412•366•3111

www.lallycpas.com

INDEPENDENT AUDITORS' REPORT

Mid Atlantic Capital Corporation
Pittsburgh, Pennsylvania

We have audited the accompanying statements of financial condition of **Mid Atlantic Capital Corporation** (the Company) (a wholly owned subsidiary of Mid Atlantic Capital Group, Inc.) as of December 31, 2002 and 2001 and the related statements of operations and retained earnings, cash flows, and changes in subordinated borrowings for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mid Atlantic Capital Corporation** at December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lally, Lally & Co. LLC

February 11, 2003

MID ATLANTIC CAPITAL CORPORATION
(A Wholly Owned Subsidiary of Mid Atlantic Capital Group, Inc.)
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2002 AND 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 1,014,157	\$ 1,374,488
Cash Restricted Under Federal and Other Regulations	14,784,746	26,294,497
Accounts Receivable	737,785	1,257,075
Note Receivable - Parent Company	0	123,821
Prepaid and Other Assets	<u>79,710</u>	<u>264,177</u>
Total Assets	<u>\$ 16,616,398</u>	<u>\$ 29,314,058</u>
 LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Payable to Customers	\$ 13,345,604	\$ 25,821,845
Accounts Payable, Accrued Expenses and Other Liabilities	648,916	1,362,806
Payable to Parent Company	<u>797,469</u>	<u>371,745</u>
Total Liabilities	<u>14,791,989</u>	<u>27,556,396</u>
Stockholder's Equity		
Common Stock - \$1 Par Value, 10,000 Shares Authorized, 750 Shares Issued and Outstanding	750	750
Additional Paid-In Capital	431,405	431,405
Retained Earnings	<u>1,392,254</u>	<u>1,325,507</u>
Total Stockholder's Equity	<u>1,824,409</u>	<u>1,757,662</u>
Total Liabilities and Stockholder's Equity	<u>\$ 16,616,398</u>	<u>\$ 29,314,058</u>

The accompanying notes are an integral part of these financial statements.